Silicon Labs Announces Record Revenue for Fourth Quarter and Full Year 2016

-- Exceeds Q4 Guidance on Revenue, Gross Margin and EPS --

We are executing on our strategy focused on the IoT and Infrastructure markets, and are seeing our efforts translate into strong financial results, achieving target model for annual growth, gross margin and operating margin in the second half.

AUSTIN, Texas – Feb. 1, 2017 – <u>Silicon Labs</u> (NASDAQ: SLAB), a leading provider of silicon, software and solutions for a smarter, more connected world, today reported financial results for its fourth quarter ended December 31, 2016. Revenue in the fourth quarter established a new, all-time record, exceeding the high end of guidance at \$183 million, up from \$178 million in the third quarter. Fourth quarter GAAP and non-GAAP earnings per share (EPS) exceeded the high end of guidance at \$0.47 and \$0.75, respectively.

Fourth Quarter Financial Highlights

- Internet of Things (IoT) revenue established a new record, increasing to \$85 million, up 5% sequentially.
- Infrastructure revenue declined to \$37 million, down 3% sequentially.
- Broadcast delivered revenue of \$41 million, flat sequentially.
- Access revenue increased to \$20 million, up 11% sequentially.

On a GAAP basis:

- GAAP gross margin was 60.0%.
- GAAP R&D expenses were \$51 million.
- GAAP SG&A expenses were \$39 million.
- GAAP operating income as a percentage of revenue was 11.0%.
- GAAP diluted earnings per share were \$0.47.

On a non-GAAP basis (results exclude the impact of stock compensation, amortization of acquired intangible assets and certain other items as set forth in the reconciliation tables below):

- Non-GAAP gross margin was 60.1%.
- Non-GAAP R&D expenses were \$41 million.
- Non-GAAP SG&A expenses were \$32 million.
- Non-GAAP operating income as a percentage of revenue was 20.0%.
- Non-GAAP diluted earnings per share were \$0.75.

Product Highlights

- Launched a new Bluetooth® low energy system-in-package (SiP) module offering the industry's smallest footprint to help miniaturize IoT designs.
- Introduced a Bluetooth software solution enabling developers to efficiently create Apple® HomeKit™-enabled accessories and speed time to market.
- Released a mesh networking stack conforming to the Thread 1.1 technical specification, speeding time to market for companies seeking to develop and certify Thread-enabled products for the connected home market.
- Introduced the Thunderboard Sense development kit, making it easy for developers of all skill levels to create cloud-connected wireless sensing products for the IoT.
- Launched pre-certified occupancy sensor and smart outlet reference designs providing home automation solutions that help make homes safer, more convenient and energy efficient.
- Announced ultra-low-power EFM8TM Sleepy Bee microcontrollers for the automotive market, providing on-chip capacitive sensor technology to enable easy replacement of physical buttons with touch control.
- · Released new audio post-processing software for Silicon Labs' Global Eagle automotive radio platform, providing

exceptional design flexibility while enabling a state-of-the-art listening experience for consumers.

Business Highlights

- For the second year in a row, won the Global Semiconductor Alliance's "Most Respected Public Semiconductor Company" award.
- Last week, announced the acquisition of Zentri, an innovator in low-power, cloud-connected Wi-Fi modules for IoT end nodes, enabling customers to securely connect and manage their products across a wide range of industrial, commercial and consumer applications.

Business Outlook

The company expects revenue in the first quarter to be in the range of \$174 million to \$179 million. First quarter diluted earnings per share are expected to be between \$0.21 and \$0.27 on a GAAP basis, and between \$0.57 and \$0.63 on a non-GAAP basis.

"We are very pleased to report outstanding fourth quarter and full-year 2016 financial performance, including 14 percent year-on-year revenue growth in Q4 and eight percent for the year," said Tyson Tuttle, CEO of Silicon Labs. "We are executing on our strategy focused on the IoT and Infrastructure markets, and are seeing our efforts translate into strong financial results, achieving target model for annual growth, gross margin and operating margin in the second half."

Webcast and Conference Call

A conference call discussing the quarterly results will follow this press release at 7:30 a.m. Central time. An audio webcast will be available on Silicon Labs' website (www.silabs.com) under Investor Relations. A replay will be available after the call at the same website listed above or by calling 1 (855) 859-2056 or (404) 537-3406 (international) and entering conference ID 8458646. The replay will be available through March 1, 2017.

About Silicon Labs

Silicon Labs (NASDAQ: SLAB) is a leading provider of silicon, software and solutions for the Internet of Things, Infrastructure, industrial automation, consumer and automotive markets. We solve the electronics industry's toughest problems, providing customers with significant advantages in performance, energy savings, connectivity and design simplicity. Backed by our world-class engineering teams with strong software and mixed-signal design expertise, Silicon Labs empowers developers with the tools and technologies they need to advance quickly and easily from initial idea to final product. www.silabs.com

Forward-Looking Statements

This press release contains forward-looking statements based on Silicon Labs' current expectations. The words "believe," "estimate," "expect," "intend," "anticipate," "plan," "project," "will" and similar phrases as they relate to Silicon Labs are intended to identify such forward-looking statements. These forward-looking statements reflect the current views and assumptions of Silicon Labs and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are the following: risks that Silicon Labs may not be able to maintain its historical growth; quarterly fluctuations in revenues and operating results; difficulties developing new products that achieve market acceptance; dependence on a limited number of products and customers; intellectual property litigation risks; risks associated with acquisitions and divestitures; product liability risks; difficulties managing our distributors, manufacturers and subcontractors; inventory-related risks; difficulties managing international activities; risks that Silicon Labs may not be able to manage strains associated with its growth; credit risks associated with our accounts receivable; dependence on key personnel; stock price volatility; geographic concentration of manufacturers, assemblers, test service providers and customers in Asia that subjects Silicon Labs' business and results of operations to risks of natural disasters, epidemics, war and political unrest; debt-related risks; capital-raising risks; the competitive and cyclical nature of the semiconductor industry; average selling prices of products may decrease significantly and rapidly; information technology risks; cyber-attacks against our products and our networks; conflict mineral risks and other factors that are detailed in the SEC filings of Silicon Laboratories Inc. Silicon Labs disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. References in this press release to Silicon Labs shall mean Silicon Laboratories Inc.

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